

socio-economic stability
public and personal security
interethnic relations
socio-economic stability
political and institutional stability
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Early Warning Report

Kosovo

Report #1

May-August 2002



RIINVEST
INSTITUTI PER HULUMTIME ZHVILLIMORE
INSTITUTE FOR DEVELOPMENT RESEARCH

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***EARLY WARNING SYSTEM –
A systematic Approach to
Conflict Prevention***

The Kosovo Early Warning Reports are a part of the Kosovo Early Warning System Project. UNDP first launched Early Warning Reports in Bulgaria as a conflict prevention tool to promote the decision making process. At present most SEE UNDP Programmes produce Early Warning Reports on a periodic basis.

The Kosovo Early Warning System Project is aimed at building the capacity of local analysts to foresee potential crises, and based on its findings to advise on crisis prevention policies. The Reports are intended to become strategic planning, response, and policy tools for development and peace-building actors in Kosovo by deriving recommendations for preventative measures from trend analysis and monitoring of key sector indicators of fundamental conflict-causing factors.

The Reports are cofunded by USAID and UNDP, and implemented by the Institute for Development Research “Riinvest” and independent Kosovan analysts.

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Your comments and feedback are important for the further development of the Reports. Please forward these to: early.warning.ks@undp.org.

SELECTED INDICATORS

	2001	Jan-Apr 2002	May-Aug 2002	Trend
GDP growth (annual)*, %	13	7	7	↘
Inflation rate (annual)*, %	11	5-6		↘
Interest rate (annual), %	14-22	12-18	12-18	↘
Bank deposits, million €	468	423-381	377-374	↘
Long-term deposits, million €	126	134-123	118-117	↘
Average wage (monthly), €	200**	-	-	-
Registered unemployment	-	242,428 (February)	248,254 (June)	↗
Consumer Price Index, % (Compared to October 2001)	-	107.4		↗
Basic pensions (per month), €	-	-	28	-
Political pessimism, % ("Not quite satisfied" or "not satisfied at all" with current political trends)	-	-	70.0	-
Economic pessimism, % ("Not quite satisfied" or "not satisfied at all" with current economic trends)	-	-	50.8	-
Subjective welfare, % (Economic situation in the family equal or worse than last year)	-	-	72.6	-
Welfare optimism, % (Economic situation in the family will be equal or better off next year)	-	-	57.4	-
Satisfaction with UNMIK's performance***, %	-	-	27.2	-
Satisfaction with SRSG's performance, %	-	-	43.8	-
Satisfaction with Government's performance, %	-	-	60.2	-
Satisfaction with Assembly's performance, %	-	-	49.6	-
Satisfaction with KFOR's performance, %	-	-	69.8	-
Return of refugees, number of returnees	1,425	874 (until June)		↔
Personal security, % ("Somewhat safe" or "very safe" on the streets)			54.3	-

* - Projected rates

** - Approximately 400 DEM

*** - Somewhat or very satisfied with the performance of institutions

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LIST OF ACRONYMS AND ABBREVIATIONS

BPK	Banking and Payment Authority of Kosovo
CFA	Central Fiscal Authority
CIVPOL	Civil Police (UNMIK's Police)
EWS	Early Warning System
FRY	Federal Republic of Yugoslavia
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
KEK	Kosovo Energy Corporation
KFOR	Kosovo Forces
KLA	Kosovo Liberation Army
KPC	Kosovo Protection Corps
KPS	Kosovo Police Service
KTA	Kosovo Trust Agency
OSCE	Organization for Security and Cooperation in Europe
PISG	Provisional Institutions of Self-Government
PTK	Post & Telecommunication of Kosovo
SEE	South Eastern Europe
SME	Small and Medium Enterprises
SOE	Socially-Owned Enterprise
SRSG	Special Representative of the Secretary General
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNMIK	United Nations Interim Mission in Kosovo
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Economic and social stability. The economic and social situation during the period May-August of this year (2002) has not changed fundamentally in comparison to the previous period, the only exception being the trend of decreasing inflation, which has fallen from 11% to between 5 and 6%. The adoption of the Regulation on the Kosovo Trust Agency (KTA), the starting of a pension scheme and the relatively favorable trends of certain macroeconomic indicators represent positive processes evident during this period. However, there still exist numerous economic and social problems. The most relevant problems, which continue to cause instability, are:

- The high rate of unemployment.
- The critical situation in the energy sector.
- The current levels of wages in the public sector.

In spite of the gravity of these problems, no consistent strategy has been yet designed by the government to offer a solution for them. Formulating a clear strategy to remedy and eliminate these problems represents a high priority issue for the Provisional Institutions of Self-Government (PISG) and UNMIK.

Additional problems voiced by the business community in Kosovo include: the unfavorable conditions for investment financing and lending, the asymmetry and lack of reciprocity in trading relations with neighboring countries, and the lack of a social component for the employees in the KTA Regulation on the privatization process.

Political and institutional stability. Political and institutional stability in Kosovo has improved greatly. Yet, the current processes of building democratic institutions and transferring some of the authority from UNMIK to locals in some cases is being accompanied by disagreement and tensions between local institutions and UNMIK. This is causing dissatisfaction among the Kosovan population resulting in distrust towards both parties. Other issues, which hinder the achievement of greater political and institutional stability are:

- Lack of an efficient mechanism aimed at harmonizing the positions of UNMIK and the Kosovo Government prior to taking important political decisions and the passing of laws.
- A not fully functional PISG, and its inclination to exceed its current authority, as well as perceptions of restrictive interpretation of the Constitutional Framework and Resolution 1244 by sections of UNMIK.
- Sluggishness of the PISG in passing of laws.
- Non-implementation of Kosovo Government authority in the northern part of Kosovo and some enclaves.

The status of Kosovo and the Mitrovica issue are also issues which will have an impact on political and institutional stability in the future. Certain obstacles are to be expected also during the constitution of Municipal Assemblies in those municipalities where the percentage of the Serb population before the conflict was larger.

Attempts by all institutions, local and international, and by the relevant political actors for the achievement of higher democratic standards, as well as the harmonizing of positions between UNMIK and the Kosovo Government before

taking important political decisions, represent important elements for further political and institutional stabilization in Kosovo.

Interethnic relations. Unlike the improvements in some other spheres of social and economic life in Kosovo, the relations between Albanians and Serbs, and partly those between Albanians and the Romas (Ashkalis and Egyptians), have not marked any encouraging advances. These relations are characterized by a high level of polarization between Albanians and Serbs in almost all spheres of social, political and economic life. The most obvious current problems, which cause tensions in interethnic relations, are:

- A lack of full human and minority rights, especially of freedom of movement of minorities throughout the entire territory of Kosovo.
- The slow process of return of displaced people and refugees and the disagreements on their numbers.
- The unclear fate of missing persons.
- The functioning of parallel structures of Serbia in Kosovo.

Improvement in interethnic relations will depend greatly on the full commitment of Kosovo's institutions as well as political and non-political actors, especially those of the Albanians, in order to overcome existing problems and depoliticize these relations. In this respect, it is necessary for the Serb community to also show a greater readiness to accept the new political and social realities created in Kosovo. The setting of deadlines and action plans by UNMIK and the Kosovo Provisional Government to achieve the benchmarks of the SRSG which deal with inter-ethnic relations would contribute greatly to the relaxing of current interethnic tensions.

Public and personal security. During the first six months of 2002, the overall number of crimes in Kosovo has marked a decrease in comparison to the same period of 2000 and 2001, thus contributing to improvement in public and personal security in general. However, during this period some negative trends have been marked:

- The number of certain crimes (rape, attempted rape, assaults and burglary) has increased in comparison to the same period last year.
- A considerable number of serious offenses against employees of UNMIK, KFOR, KPS and individuals from the international community have been registered.

Our opinion poll shows that a relatively high percentage of respondents do not feel safe in their homes or on the streets, which indicates that security is still not of a satisfactory level for a certain part of the Kosovo society, in particular members of minority groups. The increase in efficiency of detecting the perpetrators of crimes, especially in cases when it is suspected that the perpetrators of crimes and their victims belong to different ethnic groups, would contribute considerably to further improvement of the security situation and to the relaxing of interethnic relations. The increase in efficiency would benefit from encouragement of the population to report crimes and criminals to the police.

During the May-August period the fight against organized crime, corruption and abuse in public enterprises and services started to intensify. Our opinion poll indicates that the scale of corruption in Kosovo is much higher than the number of detected cases may suggest. Greater efficiency in detecting cases of corruption, as well as those of organized crime and abuse on the one hand, and the speeding up of the respective court proceedings on the other hand, represent an important precondition for the stabilization of economic and political affairs, and also for the stabilization of public and personal security in Kosovo.

Macroeconomic trends

1. Analysis of the impact of macroeconomic indicators on the socio-economic stability of Kosovo was hindered by lack of data. The Statistical Office of Kosovo is not yet able to publish complete macroeconomic data sets. This represents a serious obstacle, since the lack of comprehensive statistics related to important economic areas creates difficulties for policy makers in designing appropriate policies[1]. Nevertheless, analysis of the available data and information shows that during the second four-month period of this year there were essentially no changes of macroeconomic indicators compared to the first four-month period of 2002. Changes in trends are noticeable mainly in comparison to last year – some of which are less favorable. The specifics of some of the macroeconomic indicators of this four-month period and in general of this first half of 2002 are as follows:

- **Gross domestic product and inflation.** According to the projection of the Central Fiscal Authority (CFA), the annual rate of real growth of GDP for 2002 was predicted at about 7%, whereas inflation about 5-6%. There were no official announcements that during the first half of this year there may have been deviations from these trends. The rate of 7% in the real growth of GDP is lower than that of the year 2001, when, according to the CFA assessments, it was about 13%. Such a decline in the GDP growth rate in comparison to last year is a consequence of a gradual decrease in donations by the international community, yet it still represents a high rate of annual

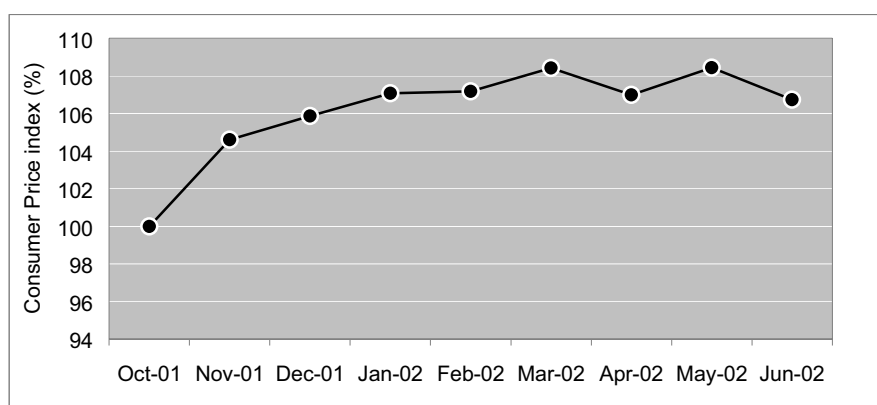


Fig. 1.1. Trends of changes in consumer prices during October 2001 – June 2002 period, compared to October 2001. [Source: Monthly Macroeconomic Monitor, CFA, July 2002]

growth.

- **Consumer prices.** Unlike the October 2001–February 2002 period, when consumer prices were experiencing a constant increase, starting with February 2002 these prices have begun to stabilize and now are showing a tendency to decrease (see Fig. 1.1). The period of increasing prices up until

February 2002 corresponds with the phase of changeover from the German Mark to the Euro as the official currency. This was a period when an increase in consumer prices occurred rather artificially, whereas the subsequent stabilization of prices must be seen in context of the reduction of people's buying power, after the investments made during the intensive phase of reconstruction. With the current trend towards an increase in the value of the Euro compared to many other currencies, a trend towards price decreases may be expected for some products, currently being imported.

- **Trading and trade regime.** Trade and other economic cooperation between Kosovo and neighboring countries is still facing difficulties. The liberalization of the market in Kosovo, namely free import and export, has not started to show its advantages, since it is being carried out in circumstances of asymmetric trade relations with FYROM, Montenegro and Serbia. While imports into Kosovo are being carried out in totally liberal circumstances, other regional partners are applying restrictive access and not applying reciprocity towards Kosovan companies, especially in the case of the export of Kosovo goods. Imports are charged full custom duties only from Albania, whereas from FYROM, Montenegro and Serbia imports are free of customs duties. Regional producers have free access to the Kosovo market, whereas Kosovo companies are accessing their markets with great difficulty, being charged full customs and excise duty. In addition, Kosovo goods are charged with a specific transit fee of 5% in Serbia and 3-4% in Montenegro. This situation is being accompanied by dissatisfaction within the Kosovo business community, especially among producers of seasonal agricultural products, who feel unprotected under the existing trade regime.

Table 1.1. The opinion on the economic trends in Kosovo and the economic situation in the family (in percentages)

	Economic trends in Kosovo			Economic situation in the family		
	Albanians		Others	Albanians		Others
	31.8	55.4	36.7	19.3	27.7	36.7
Not quite satisfied	37	18.5	32.5	30.7	28.2	32.5
Neither satisfied nor satisfied	20.6	12.8	17.2	35.6	20.5	17.2
Satisfied	7.1	11.3	5.3	10.4	20	5.3
Very satisfied	1.3	0.5	3.6	3.7	2.1	3.6
No answer/ Do not know	2.1	1.5	4.8	0.2	1.5	4.8
Total	100	100	100	100	100	100

2. Some of the current unfavorable economic trends, especially the increase in prices which dominated for a relatively long period in Kosovo, the low salaries in the public sector and the social problems which Kosovo faces, have shaped the opinion of the poll respondents leading it to be rather unfavorable with regard to current economic trends. As Table 1.1 shows, 31.8% of Albanians, 55.4% of Serbs and 36.7% of the others are "dissatisfied" with current economic trends, whereas the percentage of those who "are not quite satisfied" is also very high. There is a significant correlation between perceptions of economic and political trends among those taking part in our opinion poll. About 40% of those who are "satisfied" with the current economic trends are also "satisfied" with the political trends. Therefore, the explanatory model of the perception of "satisfaction" or "dissatisfaction" with the political trends shown in Table 2.1 can also be used as a qualitative explanation of the perception of "satisfaction" or "dissatisfaction" with current economic trends.

The process of privatization

3. The adoption of the Regulation on the Kosovo Trust Agency and the preparations for the start of the privatization process, represent an important step forward for the economic development of Kosovo. Nevertheless, the privatization model expected to be applied is perceived to have neglected two very important aspects: a) disposal of and efficient management of proceeds created by the sale of the SOEs assets and b) the social policy needed to support privatization. For these reasons, increasing dissatisfaction among employees working in socially owned enterprises is expected. Careful consideration of the above-mentioned issues while drafting operational policies for implementation of this regulation, as well as a debate with Kosovan stakeholders and building a consensus on these issues will be of decisive importance for successful privatization in Kosovo. In all SEE countries a great interest was shown about the social consequences of the privatization process, hence any marginalizing of workers' interests in Kosovo may jeopardize the normal progress of the privatization process.

Banking and finance stability

4. Banks in Kosovo are under the rigorous control of the Banking and Payment Authority of Kosovo (BPK). The banks are also publishing their financial reports through the media, and according to these reports there are no signs of instability. However, due to the very slow process of adopting laws - no regulations were adopted before the end of August 2002 for this sphere of activity - their business is being carried out in the absence of sufficient guarantee instruments. Thus, the absence of regulations on mortgages and bankruptcy have created high levels of insecurity and increased risk in giving credits, which then reflected negatively on the lending instruments: interest rates are high, loan deadlines are short, loan amounts were low and there is a lack of any "grace" period. Further continuation of lending in the absence of effective implementation of the regulation on mortgages could have a negative impact on the discipline of loan repayments, and could also damage the current reputation of Kosovo banks. The accelerated adoption of regulatory laws for this sphere of activity is an important precondition for the stimulation of appropriate lending policies in banks and other non-banking financial institutions.

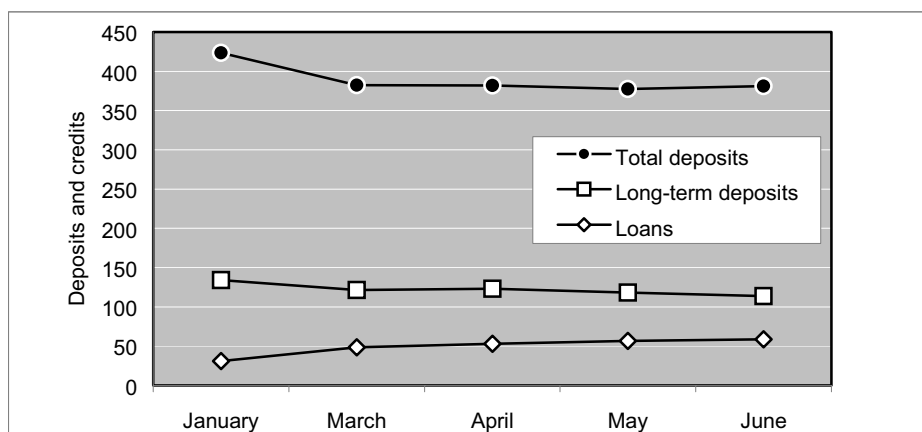


Fig. 1.2. The disproportion between deposits and loans (in millions of Euro). [Source: Monthly Statistics Bulletin, BPA, July, 2002]

5. Just as during the first quarter of this year, the difference between deposits and loans during the second quarter is still very high, although it is slightly reduced (Fig. 1.2). Total deposits have now stabilized at the level of €370-380 million, whereas long-term deposits have experienced a decrease, amounting in June to €114 million, or 30% of total deposits. The number of loans has seen a slow increase in June amounting to about €59 million, or about 15% of total deposits and 52% of long-term deposits. The decrease in long-term deposits, which represent important and sustainable banking resources, is a consequence of the current banking policy which does not stimulate savings. Currently there is a large gap in all Kosovan banks between the annual interest on long-term deposits (about 2.5 %) and annual interest on loans (12 - 18 %). While in Kosovo this disproportion is 11.5-14.5 points, in Slovenia it is 5.5, in Hungary 3.2, in the Czech Republic 4.7 and in Portugal 3.9. Long-term deposits are also stimulated much more in other countries than in Kosovo, i.e. in Albania 7.7%, whereas in FYROM 9.0%. Bearing in mind the fact that stimulation of savings has a positive effect on the increase of long-term deposits and that, on the other hand, the increase of these savings generates greater lending possibilities, the Kosovo banking system must build the mechanisms for greater stimulation of savings in general, and long-term deposits in particular.

Unemployment

6. High unemployment in Kosovo continues to be a very serious problem. Based on the latest research it is estimated that 61.2% of the Kosovan population represent the working age population, out of which only 42.9% are employed, and thus the unemployment rate is 57.1% [2]. Such an unemployment rate is much higher than in other countries of the region and even those also in transition. Based on the data of OECD [3], the unemployment rate in Kosovo appears to be five to

ten times higher than in many other countries in transition. The dynamics of employment during the first five months of this year has had almost no influence on the easing of this major problem. Thus, while in the first five months of 2001 employment increased by 9% (every month at an average of 2%), in 2002 employment for the whole five-month period increased by only

Table 1.2. Dynamics of employment during January -May 2002

	Y	Index	Y	Index
January	146,460	1.00	178,644	1.00
February	151,575	1.03	178,672	1.00
March	154,209		179,376	
April	157,013	1.02	181,236	1.01
May	159,981	1.02	181,915	1.00
May/January		1.09		1.02

Source: CFA, *Monthly macroeconomic monitoring*, June 2002

2% (see Table 1.2) [4]. According to official data, the registered number of unemployed during the first five months of 2002 marked an increase of 3%[4]. Although this increase is smaller than during the same period of 2001 (when it was 5%), bearing in mind the large number of unemployed, such a decrease in the registered unemployed has very little impact on the easing of the unemployment problem in Kosovo.

7. The current high rate of unemployment represents a major source of dissatisfaction among the population and may have contributed significantly to a lack of trust in Kosovo's institutions. According to respondents to our opinion poll, the problem of unemployment represents the second biggest problem which is currently facing Kosovo – immediately after its unresolved status (see Table A.1 in the annex). Based on current trends, it is to be expected that this problem will worsen further in the future, especially with regard to youth. The main reasons for this are:

- Withdrawal of governmental and non-governmental organizations from Kosovo, which employ more than 16,000 Kosovans.
- Return of young people from western countries, due to their unresolved status in those countries.
- Decreasing trend in establishing new private enterprises in comparison to the previous period.

Negative trends in unemployment will also be influenced by the start of privatization of socially-owned enterprises, especially those that have no potential for transforming themselves but must undergo bankruptcy procedure. The application of taxes to wages will also have a certain negative impact on this aspect.

8. The easing of the problem of unemployment demands a multi-dimensional approach from the Government of Kosovo, UNMIK, and local government. In this sense, it is important to create programs and take measures to increase employment amongst the young by the application of instruments which would encourage businesses to create new jobs. Among others, the following programs and measures would have a positive impact:

- The application of a tax policy which would stimulate new employment through new investments.
- Ensuring more favorable conditions in lending resources (foreign and internal sources) related to new employment.
- Negotiating with foreign governments and organizations to have a more gradual approach to returning Kosovans, and to intertwine it with programs for their employment.
- Long-term orientation of educational programs in schools and universities in accordance with labour market needs.

Development of relevant projects for the achievement of these measures requires a more complete understanding of the unemployed: details of their age and qualifications, ethnic background etc. For the time being much of this data is lacking. As an illustration, the exact figure for the unemployed is not even currently known. According to official data, in June 2002 the number of people seeking jobs was 248,254 [4], whereas according to the evidence from CFA, only 181,915 people are employed (Table 1.2). These figures in turn differ greatly from the ones estimated by other sources [5].

Public sector and wages

9. During the May-August period, the situation in the energy-producing sector, which was not satisfactory even prior to this period, was further worsened by damage caused to two blocks of the “Kosovo B” power plants. This caused a drastic fall in power production, and the implementation of a rigorous system of reductions in power supply. The consequences of this situation are serious, not only because of the damage directly caused to KEK, but also from the indirect damage, which prevents the normal activity of the economy, public services, households and citizens.

The current difficulties with the electricity supply are not only a consequence of damage to the power plants caused by natural disaster, but also due to poor management over a long period of time. A more rapid remedy to the current situation in KEK and more efficiency in other public services is linked not only to finding financial resources from abroad for these purposes, but also to increases in the collection of payment for these services, which is currently urgently required.

10. Employees in the public sector continue to be dissatisfied with the current levels of their salaries. According to the latest data [4], the average wages in this sector are €131-191 per month, with the lowest average wages in the healthcare

system (€134) and in the education system (€140). On the other hand, according to the data of the Kosovo Statistical Office [2], the average wage in Kosovo in December of 2001 was 400 DM (approximately €200), which means that wages in education and the healthcare services now amount to only two-thirds of the average wage at the end of last year. As previously evaluated [5], the current low levels of wages in education and in health services threaten their quality, since employees of these services are obliged to do other work outside those institutions, in order to secure a basic standard of living for their families. Our opinion poll shows that a high percentage of the respondents of all nationalities agree in part or entirely that there is corruption in the health system, as well as in the education system, which may be partly a consequence of the low salaries in these public services compared to other sectors (Table A.8 in the annex).

The Trade Union of Education Employees, dissatisfied with the current level of wages, announced a strike at the end of August 2002, which was to start at the beginning of September. Due to promises by the Ministry of Education that measures would be taken to increase wages during September, the Union postponed this strike. However, in the current situation, when the determination of the local institutions to prevent the Kosovo Budget undergoing changes which could cause a budgetary deficit, and when it is also difficult to find other resources to increase the wages, it is to be expected that the requests of the Union of the Education Workers will not be met to a level which would correspond to the requests of the teachers. Thus, a teachers' strike is very likely to occur within the coming months [6]. The workers of the healthcare service are also continuing to express their dissatisfaction with what they feel is their very low level of wages. Similar reactions to those of the teachers can also be expected from the workers in this sector.

Bibliography and notes

- [1] This gap was partly bridged by monthly publications of macroeconomic analysis by the Ministry of Economy and Finance and the Banking and Payment Authority of Kosovo, but the data offered are not all-inclusive nor completely systemized.
- [2] The Statistical Office of Kosovo: The Survey on Work Force in 2001, Main Employment Indicators, 26 June 2002.
- [3] Unemployment in Slovenia is 11.1%, in Bulgaria 17.6%, in Romania 11.1%, in Lithuania 11.1%, in Latvia 8.0%, in Estonia 6.0%. [OECD, Main Economic Indicators: Non-Member Countries, August 2002, Published by Statistics Directorate & Center for Co-operation with Non-Members.]
- [4] CFA, Monthly macroeconomic monitoring, June 2002.
- [5] Kosovo Early Warning Report, Pilot Report, January-April 2002.
- [6] At the time of printing of this report, the teachers' strike has been under way since October 1, 2002.

Political processes and the local elections

11. Political and institutional stability in Kosovo has improved in the recent past. This is the judgment of virtually all of the relevant international and national bodies [1]. Yet, the current political process of building functional and democratic institutions and that of transferring responsibility from UNMIK to local bodies is in some cases being accompanied by mutual dissonance and tension, which causes dissatisfaction among the Kosovan population and lack of trust on both sides. The problems occurring in these cases are mainly to do with the content and the dynamics of competence and power transfer, yet they also arise due to misunderstandings stemming perhaps from the different political cultures of the parties involved. At the extremes, UNMIK officials insist that the Provisional Institutions comply strictly to the competence and responsibilities assigned by the Constitutional Framework (education, health, labor, agriculture, public services and the like), whereas the Kosovan authorities in their declarations and activities try to expand their responsibilities to other domains, currently reserved for UNMIK. Therefore, during the May-August period, the SRSG Michael Steiner has reacted on several occasions to the exceeding of competence by “urging the institutions [of Kosovo] to focus on urgent tasks within the competence which they are assigned”. The adoption of the Resolution on the Borders by the Kosovo Assembly [2] and its immediate suspension by the SRSG represented the first confrontation between the SRSG and the local institutions, which resulted in the use of the SRSG’s authority to nullify the decisions of local institutions which he believes to be in breach of Resolution 1244, the Constitutional Framework and other legal and sub-legal acts which regulate the authority and the competence of the local institutions. The second case is to do with the Agreement between the Ministry of Trade and Industry and its counterpart from Albania. The SRSG nullified this agreement, but signed the same one soon after in Tirana, thus smoothing over disagreements about this issue.

Dissonance and disagreements between the SRSG and the Provisional Government are to be expected in future as well on such issues which the PISG consider are to be transferred under the competence of the local institutions, or on issues considered by PISG to be of vital interest to Kosovo and its future. One of these issues is Regulation 2001/19, which was promulgated by the previous SRSG, Mr. Hans Haekkerup. According to this Regulation, CFA is separated from the Ministry of Economy and Finance, which the representatives of the Government do not accept and request re-evaluation of some provisions [3]. In order to avoid disagreements and tensions between UNMIK’s institutions and the local ones in the future, genuine mechanisms of information exchange and mutual co-ordination of activities between UNMIK and local institutions need to be formed; thus, not only would mutual trust grow, but the work of the local and UNMIK institutions would be more efficient.

12. The latest arrests of several groups of KLA and KPC former commanders from the three regions where the Liberation War was conducted – the Llap zone, the Drenica zone and the Dukagjini zone – for crimes which those groups are

suspected to have committed during the war against Albanian civilians, has generated harsh reactions from part of the media and some political parties, as well as numerous protests by the population. In these cases, the arrests were labeled political and an attempt to undermine the fight of the KLA as well as to dishonor its leaders. Apart from this, the arrests were also criticized as applying discriminatory laws from Serbia promulgated prior to the 1999 conflict. On the other hand, UNMIK, the investigating bodies and the courts have declared that the arrests were not politically motivated, but were conducted according to legal procedures of inspection and prosecution of crime based on findings and hard evidence. After the incident that occurred between the protesters and the UNMIK police in Deçan/Decani – where several persons were injured both on the side of the protestors and the international police, the Kosovo Government also reacted against these arrests by calling them political. Apart from UNMIK, international actors also criticized this reaction of the Government, and thus during a relatively short period of time a very tense situation was created between the Government and UNMIK.

Meanwhile, mutual measures were taken to ease the dissonance and correct the hasty evaluations and activities, but the disagreements and the tense atmosphere created on this occasion in the relations between local institutions and UNMIK foretells that similar situations may also occur in future if there is no greater transparency or more co-operation between UNMIK and the local institutions concerning such delicate matters. Apart from this, it is necessary for UNMIK to achieve a similar level of efficiency in arresting and trying the members of the Serb community who are suspected of committing crimes [4].

Table 2.1. Explanatory model of satisfaction with political direction Kosovo is heading

Significant variables influencing perception	Association with perception that Kosovo is heading in good direction
Aged	Positive
Being a Kosovan Serb	Negative
Well off	Positive
Satisfaction with economic direction	Positive, explains most
Optimism	Positive

Dependent variable: Satisfied with political direction Kosovo is heading

13. Recent political developments have, among other things, caused Kosovan public opinion to become dissatisfied with the political direction in which Kosovo is heading as compared to the previous period. This is confirmed by our opinion poll (see Table A.2 in the annex), based on which the explanatory model for the perception of the respondents' level of satisfaction with the current political developments in Kosovo was designed, and which is presented in Table 2.1; for more details see Tables A.10 and A.11 in the annex. Table 2.1 shows that the elderly are more satisfied with the current political developments; the same is true for the respondents who are satisfied with the current economic developments and those who are satisfied with the economic wellbeing of their own family. In general, however both Albanians and Serbs are more "dissatisfied" than "satisfied" with the current political developments. It must be stressed that the level of dissatisfaction of the Serb respondents is much higher than that of the Albanians, which can be explained by their still unfavorable position in society.

14. The local elections, which will be held on 26 October, are characterized by a much larger number of certified political entities than in previous local and central elections [5]. Regardless of these new developments, our opinion poll shows that

there is no change in the preferences for particular political parties by Albanian and minority voters, apart from the Serbs, in relation to the last elections. This status quo in terms of the preferences of the Kosovan electorate, excluding the Serbian preferences, is probably due to the fact that the previous elections have now differentiated the influential parties and party leaders from the rest of the political spectrum. The big competition between Albanian political parties, which was the main characteristic of local and general elections, has now witnessed a considerable decline due to the creation of a large governmental coalition. Just like in the case of the establishment of the Municipal Assemblies after the previous elections, during the composition of the future Municipal Assemblies polarization of party relations is to be expected, especially in those municipalities where no party will have an outright majority.

15. Compared to the general elections of last year, the biggest changes have occurred in the Serb population parties which will be running in the local elections in October 2002. While in previous elections the political spectrum of this ethnic group was entirely concentrated around the Coalition "Return", for the local elections of this year a much greater number of Serb political parties are registered. Our opinion poll shows that the Coalition "Return" now enjoys the support of only 19.5% of the Serbian population, whereas about 73.8% are still "undecided" about which party to vote for. This shows that the Serbian political scene in Kosovo is not yet well established and that the competition among leaders is still very high. The participation of the Serb population in the local elections of October represents an important step towards the democratization of the Kosovan society, but, in circumstances of a large interethnic polarization and of political interests opposed to those of the majority Albanian population, it means that this participation will not pass without problems or tensions. During the pre-election campaign different political requests are to be expected by the Serb leaders in Kosovo regarding their participation in the elections, such as the request by Mr. Oliver Ivanovic, a representative of the Coalition "Return" in the Assembly of Kosovo, on the establishment of separate municipalities for the Serbs as a precondition to not boycott the elections. Even larger tensions are to be expected in the composition of the Assemblies in those municipalities where the percentage of the Serbian population before the conflict was relatively numerous. Since the Serbian population had boycotted the previous local elections, their participation in the current elections will result in an increase in numbers of Serb representatives in these municipalities, which will cause difficulties in the composition of the Municipal Assemblies, due to the current high level of interethnic polarization and almost diametrically opposite political interests of the Serb and Albanian populations. For this reason, Albanian and Serb political leaders in co-operation with UNMIK must now draft the activities which would prevent destabilization, which may emerge during the post-election phase.

Institutions of Provisional Government and the courts

16. After the initial phase of enthusiasm about the establishment of the Provisional Institutions of Self-Government (PISG) as a result of the first democratic elections held in Kosovo, these institutions are now facing difficulties in meeting the expectation of the Kosovan population, which may have the effect of PISG losing the trust it enjoys among the population [6]. According to senior officials of the Government, some of the problems which hinder the work of the Government and other local institutions are [7]:

- The formation of the Presidency, the Assembly, the Government and the Ministries are not completed yet, while the recruited staff lack experience. Senior officials in the Government stress that the Government does not have

clear competence and has limited possibilities to be more efficient and functional within a short period in the future since the internationals still control the main instruments of institutional establishment, and are not showing due readiness to hand them over even in cases provided for by the Constitutional Framework. They complain that UNMIK has not prepared in due time the necessary preconditions for the efficient functioning of the PISG's institutions, i.e. the premises and the equipment, as well as the recruitment and the training of the permanent administrative staff.

- The low salaries in the Kosovo administrative services compared to those of staff employed in UNMIK, NGOs and in the private sector cannot stimulate the application of qualified candidates for these services.

To a certain extent, these difficulties have contributed to the fact that the results in the Government's work are still not very visible. In order to overcome some of these difficulties, a more intense level of co-operation is needed between the Government, the professional institutions and the independent NGOs, which have considerable servicing capacities for the needs of the provisional local administration.

One of features of the PISG's work is that until now these institutions have debated much more about issues of political nature than social and economic problems. In this respect, during the May-August period the provisional institutions were more engaged on the issue of expanding their competence than in effective administration and implementation of authority in areas where their competence is guaranteed, namely in designing and accomplishing concrete maintenance and developmental projects.

17. Although a relatively long time has passed since the Kosovo Assembly was established, as of August 2002 only two laws have been adopted: the Law on pensions and the Law on middle and higher education. Therefore, practically the entire legal framework which is being applied is still that which was defined by Regulation 1999/2 of UNMIK, according to which even the laws which were in force prior to March 1989 are still applicable in Kosovo, in spite of the fact that these laws are not acceptable to the Albanian parties, being viewed as laws discriminating against the Albanian population. For this reason, the slow pace in passing new laws is resulting in increased dissatisfaction among the citizens. The dissatisfaction amongst Kosovans at the very slow dynamics of passing new laws has been expressed several times through the media, and recently also through protests by Albanian citizens during July and August 2002 when several former KLA and KPC commanders were arrested. In these protests it was emphasized that the accused are being tried under the provisions of the same laws which were in force when the Albanians were subject to orchestrated political trials of the former Yugoslavia. This delay in passing new laws by the PISG and the retention of laws from the former Yugoslavia for an extended period may make the work of the Kosovo courts even more difficult and result in a loss of trust in the legal system of Kosovo, in which trust is already not very high. Our opinion poll shows that about 21% of the respondents of all of the communities in Kosovo are dissatisfied with the performance of the courts and that about 38% are only "partly satisfied" with their performance (see Table A.3 in the annex). In addition, more than 50% of the respondents of all Kosovan communities "agree entirely" that there is corruption in the courts (Table A.4 in the annex), which further contributes to the loss of belief by people in the Kosovo legal system.

Compared to the previous two years, the number of cases of serious offences, which are tried by international prosecutors and judges, has increased considerably. According to the international senior prosecutor M. Hartman [8] this is not due to local prosecutors and judges being professionally incapable to deal with these cases,

but because the national prosecutors and judges are thus being defended from the likely attacks, intimidation and pressures of all sorts. The same opinion is shared by local lawyers and judges [9]. Such a phenomenon, apart from placing the international prosecutors and judges at risk from threats or attacks by groups or individuals who are dissatisfied with their trials and verdicts, also has the negative effect of undermining the trust of the local population in Kosovo's legal system.

The status of Kosovo and the issue of Mitrovica

18. Based on the results of our opinion poll, respondents from all communities in Kosovo share the opinion that the issue of the status of Kosovo represents the biggest problem which Kosovo faces today. This is the opinion of 37.0% of Albanians, 43.1% of Serbs and 32.0% of members of other communities (Table A.1 in the Annex). However, the issue of the status is currently not the only worry of Kosovans, since the percentage of those who emphasize other problems is high. For example: unemployment (24.9% of Albanians); crime (17.4% of Serbs) [10]. It is interesting to note that the concern about status is much higher among Albanians and Bosniacs living inside Serb enclaves – about 58% of them see this as the most important problem (Table A.1 in the annex).

Apart from daily problems which Kosovan citizens face (unemployment, poverty), the insistence on “standards before status” by the SRSG has had certain effect on public opinion not to be preoccupied exclusively with the issue of the status of Kosovo. This position has been embraced to a large extent by leaders and the media. Another element easing the concerns on status and postponing its resolution for a period when Kosovo will have achieved marked progress in its level of self-governance is the guarantee given by UNMIK and the Security Council of the UN that the issue of the final status remains open and that in Kosovo there will be “no partitioning, nor canonization or return to the status quo before 1999”, as SRSG Steiner declared at the end of June of this year. Another contribution in this respect were the declarations by senior international and national officials that the resolution of the status will be accelerated [11]. Nevertheless, it is to be expected that during the pre-election campaign for the local elections to be held in October 2002 the issue of status will again be one of the main focuses in the political programs and presentations of the parties. In circumstances when many opinion polls, ours among them, show that the preferences of the Albanians and those of the Serbs regarding the status of Kosovo are diametrically opposed – Albanians favoring independence and Serbs favoring the return to the pre-conflict status of Kosovo - the political parties will exploit these options in order to gain more votes, which will contribute to increasing interethnic tensions. It must be stressed that our opinion poll shows that, apart from 74.2% of Albanian respondents favoring independence and 18.1% favoring unification with Albania, and 43.6% of the Serb respondents favoring autonomy of Kosovo within Serbia and 25.1% of Serbs favoring Kosovo's independence after its separation, no Albanian respondent and only 11.3% of the Serbian respondents favor a confederation of states with Serbia, as is currently the case of Montenegro (see Table A.5 in the Annex). The opinion of the Bosniacs, Ashkalis, Turks and Goranis is similar to the opinion of the Albanians, except that the percentages among these communities of those favoring the continuation of the current situation are higher.

19. Tensions surrounding the divided city of Mitrovica are still very high, although showing some fluctuations in the levels of concern amongst the communities. In the ICG Report published in June 2002, UNMIK and KFOR were severely criticized for their inability to place under their command the Northern part of Mitrovica and the Northern part of Kosovo, where Serbia's institutions are still active instead of those of Kosovo and the international community. Although

Resolution 1244 of the UN Security Council obliges UNMIK to administer the entire territory of Kosovo, in Northern Mitrovica and Northern Kosovo the existence of “parallel structures under command of Belgrade” is still tolerated, the report states. Also the report emphasizes that “the Serbs of Mitrovica have turned into hostages of a nationalist game played by Belgrade and into hostages of organized crime”.

The UN officials responsible have implicitly accepted the criticism by declaring that UNMIK “still needs to be able to extend its authority throughout the province” (Kofi Annan, July 2002). For UNMIK, placing its authority in northern Mitrovica is a priority task, but the strategy and the plan for achieving these objectives have not yet been made public. One of the objectives made public is the elimination of the Serb extremist formation “The Bridge Watchers”, and consequently of other parallel and illegal institutions which are backed and financed by Belgrade (Steiner, July 30) [12]. However, this process is going very slowly and hasn’t been very transparent. International actors are trying to solve this problem by political means and negotiations (“a proper mixture of political, economic and security measures must be found in order to ensure peaceful development of the city of Mitrovica” - M. Valentin, June 2002). The Albanian community is complaining that they were not sufficiently involved in the process of establishing authority in the Northern part of Kosovo, although to a lesser extent than in the past. The diametrically opposed stances of Albanians and Serbs on the solutions to this problem are likely to be exploited during the pre-election campaign for the local elections of October 2002.

Bibliography and notes

- [1] With regard to the improvement of the political and institutional stability, the following are stressed: “substantial progress” (Michael Steiner, June 30) and “advancement of security and interethnic relations” (Kofi Annan, June 26), which is a stance Serb officials agree with, although not without several objections (Covic, June 30). Apart from the commitment of UNMIK, KFOR, OSCE and other international organizations, the “energy and the vitality of the Kosovan population” (Chris Patton) is also mentioned, as well as the creation of institutions of self-governance.
- [2] The Resolution on the borders opposes the decision of the UN Security Council, which recognizes the agreement between FRY and FYROM regulating the borderline between Kosovo and Macedonia, according to which about 2,000,000 square meters of the administrative territory of Kosovo will be passed to FYROM. The Resolution on the borders was preceded by different forms dissatisfaction expressed by Kosovan citizens, such as several organized peaceful demonstrations requesting that the Assembly and the Government oppose the agreement reached between FRY and FYROM.
- [3] The interview with Mr. Ali Sadriu, Minister on Economy and Finances, “Zëri” daily, 6 May 2002,
- [4] Apart from the criticism on UNMIK’s inefficiency in prosecuting members of the Serb population suspected of war crimes, UNMIK was also criticized by the media and the political parties for its inability to arrest M. Ivanovic, one of the Serb leaders in the northern part of Kosovo, who is being accused of throwing a grenade at KFOR troops during a protest held in the northern part of Mitrovica.
- [5] 68 political entities will participate in these elections (28 parties, one coalition, 28 citizen initiatives and 11 independent candidates).
- [6] Our opinion polls show that 60% of the respondents are satisfied to some extent or very satisfied with the performance of the Government (see Table A.3 in the Annex). It must be stressed that unlike the Albanians and other non-Serb communities, about 96% of the respondents from the Serb community are not satisfied with the performance of the Government. The Serb respondents are of similar opinion also when it comes to other institutions of provisional self-governance (Table A.3).
- [7] Source of information: conversations with the Prime Minister and his advisers.
- [8] “Zëri” daily, 26 August 2002.
- [9] A. Nokaj, president of the District Court in Pristina, H. Zhitija, Main prosecutor of Kosovo and F. Balaj, lawyer, have expressed this opinion in the RTK, on 2 September 2002.

- [10] In a previous survey of the Center for Humanistic Studies "Gani Bobi" in Prishtina, which included 1,000 respondents, the answers to the question "What is the main problem in Kosovo today" are even more significant: unemployment is at the top with 32.4%, the status of Kosovo comes second with 16.6% and poverty third with 15.0%.
- [11] In the daily paper "Koha ditore", dated 27 August 2002, the Prime Minister of Kosovo Mr. Bajram Rexhepi expresses the opinion that the UNMIK Mission in Kosovo is likely to last another three years, which corresponds to the UN declarations that, due to shortages in budget, "the transfer of responsibilities and authorities" will take place earlier than planned (Kofi Annan, June 30), and that an "exit strategy" for UNMIK is being prepared (M. Steiner, on 30 June and on 1 September). Some international organizations are committed to speeding up the resolution of Kosovo's status, by suggesting different options (USIP, ICG), based on the argument often reiterated by Kosovan officials that "without resolution of the status of Kosovo, the region itself will not be stable or peaceful".
- [12] At the time of printing the Report, on 1 October 2002, SRSG Michael Steiner made public his plan "A Choice for Mitrovica - The Seven Point Plan".

INTER-ETHNIC RELATIONS

Inter-ethnic conflict and peaceful cohabitation

20. In contrast to the improvement of the situation in some spheres of social and economic life in Kosovo, the relations between Albanians and Serbs in Kosovo, and to lesser extent, those between the Albanians and the Romas (Ashkalis and Egyptians) did not show marked improvement that would be encouraging for the development of better mutual relations in the near future. Ten years of tense inter-ethnic relations before the conflict, the period of conflict itself and the relations immediately after the conflict created a great division and high level of mistrust between Kosovo Albanians and Serbs and there is a perception among Kosovans that these two communities are in conflict with one another. Our opinion poll confirms this perception of the population and shows that nearly all the communities are of the opinion that the Albanians and the Serbs are “in conflict”. (Table 3.1). Besides, analysis of the data gathered in our opinion poll shows that the perceptions of the conflict are rooted in the periods before and during the conflict and that the Albanians and the Serbs see the same things in totally different ways – what is acceptable to one side is almost totally unacceptable to the other. In circumstances of such high inter-ethnic tension, a major effort is needed to prevent conflict and foster a peaceful life between the communities. This means that all the parties need to work harder to this end.

Tabela 3.1. The opinions on the existence of a conflict between Albanians and Serbs

	Albanians	Serbs	Bosniacs	Gorani	Turks	Ashkali/Egyptians
No answer	13.4	4.1	3.7	7.7	20.6	46.4
Yes	76.9	95.6	93.8	88.5	73.4	10.7
No	9.7	0.0	2.5	3.8	0.0	42.9
Total	100	100	100	100	100	100

It is in the interest of Kosovo society to identify those factors that, despite the past, can bring about a peaceful coexistence between Albanians and Serbs. Based on the data collected in our poll it was possible to identify factors that could have a positive impact on future peaceful co-existence vis-à-vis those that could have an unfavorable impact. The corresponding explanatory model is shown in Table 3.2; for more details see Table A.12 in the annex [1]. The conclusions of the model are as follows:

- a) **Ethnicity.** Being a Kosovan Serb decreases the likelihood that one is optimistic on future cohabitation.
- b) **Subjective status.** People who perceive they are better off are more optimistic about ethnic relations.
- c) **Interest in politics.** People who have a higher political interest are likely to have a more favorable outlook.

- d) **Trust.** People who trust more in international organizations are more likely to perceive that cohabitation is possible.
- e) **Historical awareness.** People who consider that the history of the two groups is important are more pessimistic on the outlook.

We have also analyzed the impact of other factors: threat, war traumas, displacement of families and unemployment; surprisingly, the correlations to those factors were less pronounced in our latest opinion poll.

Table 3.2. Explanatory model of likelihood to perceive cohabitation possible

Significant variables influencing perception	Association with likelihood to perceive cohabitation possible
Being a Kosovan Serb	Negative
Being a Kosovan Albanian	Positive
ATTITUDES	
Well off	Positive
Follows politics	Positive
Trusts international community	Positive
Thinks history matters	Negative

Dependent variable: Despite the past, Albanians and Serbs can live and work together peacefully

21. It is not only the past that thwarts the development of more favorable inter-ethnic relations. In the sensitive circumstances of Kosovo, it is the vocabulary of the political leaders, whether they be Albanian or Serb, that also influences and puts further tension on inter-ethnic relations. An example of this is the constant usage of the term "Kosovo and Metohija" by Serb politicians when referring to Kosovo in the sessions of the Assembly of Kosovo or in other official meetings of the Kosovo institutions, and the opposition of the Albanian politicians to this term which reminds them of the bitter period of the 1990's when the Albanians were discriminated against by the then Milosevic regime [2]. When the representative of the parliamentary group of the Serb Coalition "Return" Ms. R. Trajkovic used this term in a session of the Assembly on 5 July 2002, the President of the Assembly interrupted her speech and warned her that she could not use that term. A day later the Coalition "Return" threatened to leave the Assembly if they were to be prohibited from using the term "Kosovo and Metohija"[3].

Declarations by politicians that sound threatening to any of the other communities create uncertainty among the members of the respective communities and increase the level of mistrust against the members of the community to which the politician that gives threatening statements belongs to. Recent statements made by some Serb political leaders in Serbia for the return of the Serb police and military to Kosovo [4] cause fear and mistrust among the Albanians in Kosovo. On the other hand, the possibility of the "Albanianization of Kosovo", the creation of a pure Albanian identity in Kosovo opposed to a multi-ethnic identity, instills fear among the Serbs living in Kosovo [5]. Both these elements create fear and uncertainty for the future of the citizens and also bring about the creation of a whole range of other problems, impacting the process of returns and the normal functioning of Kosovo's institutions. It is thus necessary that the leaders of political parties, both in Kosovo and in Serbia, refrain from making statements that are threatening to the ethnic communities that live in Kosovo (see Box 3.1).

Box 3.1. Conclusions of the meeting with the focus group of the “Consortium for Inter-Ethnic Development” NGO

In conducting the opinion poll for this report a meeting with a focus group of Serbs working within the “Consortium for Inter-Ethnic Development” NGO was organized. In this meeting the following problems that can make inter-ethnic relations tense were recorded:

- Security for freedom of movement.
- Unemployment and limited access to public services.
- Uncertainty on the future status of Kosovo.
- Obstructions to the process of returns.
- Non-compliance to laws especially those that deal with ethnic communities.
- Usage of extremist vocabulary by the politicians and the media.
- Not shedding light on the fate of the missing.

The suggestions that came out included:

- Joint appearances by politicians representing all ethnic communities in Kosovo in order to improve inter-ethnic relations.
- Increase of the pressure by the international community and civil society on local political actors with the aim of making political life in Kosovo more “humane-centered”.

22. Not shedding light on the fate of the people that went missing before, during and after the conflict has for a long time been, and remains to be, a cause of protests by their family members and the population at large. Apart from this, the missing were and continue to be the root of bilateral war crimes accusations between the Albanians and the Serbs and the root of permanent tensions between these two communities. This tense situation is made worse by the fact that there are no widely agreed numbers of the missing and by the wild estimates of the numbers of the missing sometimes used by different organizations and individuals. The International Red Cross data state that there are 2,915 missing Albanians and 1,035 missing members of minorities: 646 Serbs, 219 Romas, 103 Bosniacs and 67 Goranis [6]. On the other hand, the Serb and Albanian sides give different numbers that differ a lot from one another and also from those of

the International Red Cross. Thus, the Serb side states that there are 2,600 missing Albanians, 1,300 missing Serbs and 200 missing from other communities in Kosovo [7]. The Albanian side on the other hand states that there are around 4,000 missing Albanians [8]. This situation creates confusion and inter-ethnic tension. The somewhat late opening of a Missing Person’s Bureau by UNMIK should decrease the inter-ethnic tension if, when conducting its activities, this Bureau is efficient in shedding light on the fate of the missing.

Freedom of movement, enclaves and rule of law

23. Freedom of movement is one of the strategic objectives of the UNMIK administration under the leadership of the current SRSG in Kosovo. Despite the fact that the security situation of minorities is gradually improving, a fact with which most of the international organizations in Kosovo would agree [9], there is still no complete freedom of movement for the Serb population, and this is partially true for members of some other minorities – mostly for Ashkalis and Egyptians. Lack of freedom of movement for the members of the Serb community, and to a lesser extent for members of the Roma community, prevents them from normal access to essential services (legal services, education, social services), but is also an obstacle to their employment in different governmental and non-governmental organizations [9]. Not being able to move freely throughout Kosovo, the Serb population continues to live in so-called “enclaves” and remains outside the social and economic mainstream. Members of the Albanian and Bosniac population living in the northern part of Mitrovica find themselves in a similar position.

Generally seen, the rights of minorities living in Kosovo are far from those that are guaranteed by the charters of human rights and the breach of these rights is a constant source of inter-ethnic tension in Kosovo. In the interest of political stability and the future of Kosovo, the Albanian side should join efforts made by UNMIK and other international organizations and do much more than it did so far

in ensuring that there is full respect for internationally recognized human rights standards for all Kosovans.

24. Establishing the authority of the Provisional Institutions of Self-Government across all Kosovo and respect for the rule of law and order in it are another set of UNMIK strategic objectives. So far, this has not been achieved in the Serb enclaves where there is a parallel system still in place, especially in education and health, and to a large extent in the legal system [9]. In the northern part of Kosovo as well as in some Serb enclaves, the PTK telephone lines have been disconnected and these areas were connected to the Serbian PTT. This not only damages the Kosovo economy and budget but also has political implications and is another source of inter-ethnic tensions between the Albanians and the Serbs. The Kosovo Police Service does not operate in these areas and public security is ensured partly by KFOR and partly by International Police [10]. The Albanian side sees the negative influence from Belgrade and the functioning of its structures in Kosovo as a constant source of inter-ethnic tension that can potentially worsen the situation [11].

The agreement between SRSG Steiner and Head of FRY Coordination for Kosovo, Covic, made on 7 July 2002 marks a positive development towards the elimination of the parallel Serb structures in Kosovo. However, the latest developments related to the attempt to arrest Mr. Milan Ivanovic, a member of "The Bridge Watchers", whereby Mr. Covic requested that Mr. Ivanovic not be handed to the UNMIK authorities [12] and the fact that the agreement was not accepted by the Democratic Party of Serbia, of which the current President of FRY is a member [13], are signs of the fragility of this agreement. Failure to respect the agreement might have a negative effect on the efforts that UNMIK is making in trying to bring an end to the Serb parallel structures in Kosovo, as well as on efforts of the PISG structures to fulfill the needs of the Serb community in Kosovo. As a consequence, efforts to build multi-ethnic cohabitation in Kosovo will be hindered. The situation is made even more difficult by calls by the Serb side for decentralization of some of the municipalities in Kosovo and to create new municipalities in those parts where there is a majority or a considerable number of Serbs [14], which the Serb side uses as conditions for their participation in municipal elections. This raises fears among the Albanians that there might be secret plans for the canonization and division of Kosovo [15]. Due to the sensitivity of this issue, possible UNMIK concessions to the Serb side, without having them adopted by the Assembly of Kosovo, would represent a high risk that could take Kosovo into deep political crisis.

The return of displaced persons and refugees

25. The return and reintegration of displaced persons represents an important strategic orientation for UNMIK during the mandate of the current SRSG, in order to achieve multi-ethnicity and tolerance in Kosovo. In spite of the commitment of the international community, the process of return and reintegration is going on slowly and with difficulties. Compared to the overall number of displaced persons, the number of returnees is still small. According to UNHCR data [16], since the beginning of 2000 until today, only 2,888 Serbs, 384 Romas and 769 Ashkalis and Egyptians have returned, and the return process is not showing any tendency to increase (see Table 3.3).

Table 3.3. Returns from internal and external displacement

Ethnic Group	2000	2001	2002	Total
Serbs	1,826	679	383	2,888
Roma	20	192	172	384
Ashkali/Egyptians		527	242	769
Bosniacs	57		17	74
Goranis	3		28	31
Albanians		27	32	59
Total	1,906	1,425	874	4,205

Source: Focus Kosovo, UNMIK, June 2002

The difficulties causing this slow dynamics of return of displaced persons are of different natures. Some of the factors that are slowing returns appear to be:

- ***Lack of preparedness of majority of population to accept returns.*** In several cases, such as the one of the return of Serbs to some villages in Istog/Istok and Klina municipalities, it was noticed that the local Albanian population is not yet ready to accept Serb returnees, suspecting that amongst the returnees there may be individuals who committed crimes during the 1999 conflict. Such a feeling was also evident in our opinion poll, according to which about 30% of Albanians do not agree with the return of displaced persons (see Table A.9 in the annex).
- ***Program for creation of new residential sites in Kosovo.*** In July of this year, The Parliament of Serbia approved Covic's program for the return of displaced persons from Serbia to Kosovo [17], according to which the creation of 24 new residential sites is envisaged for the exclusive return of the Serbs [18]. This program is in direct conflict with UNMIK's policy for the return of displaced persons to their own homes, and not to strategic locations, and was criticized several times in the Albanian language media. Such politicization of the returns process damages the process of building trust between ethnicities in Kosovo and slows down the process of return.
- ***Discrepancies in figures of displaced persons.*** There are some tendencies towards exaggerating or minimizing the figures of persons displaced from Kosovo, depending on which party– Albanian or Serbian – is referring to them [19]. These differences are still present today, causing confusion and representing one of the key problems for the process of return and that of building democratic institutions in Kosovo. Such confusion is currently present in view of the number of voters registered outside Kosovo's territory. Specialized organizations, such as the US Committee for Refugees, explain these discrepancies by pointing to the possibility of multiple counting by UNHCR/OSCE of persons displaced in Serbia and Montenegro. The lack of correct figures of displaced persons and their politicization damages the process of their return to Kosovo.

Progress in the return of displaced persons and refugees will depend greatly on the full commitment of Kosovo's institutions as well as political and non-political actors, especially those of the Albanians, to overcome existing problems and to depoliticize the whole process of returns. In this respect, it is necessary for the Serb community to also show a greater readiness to accept the new political and social realities created in Kosovo. Setting of deadlines and action plans by UNMIK and the Kosovo Provisional Government to achieve the benchmarks of the SRSG which deal with inter-ethnic relations would contribute greatly to the relaxing of current interethnic tensions.

Bibliography and notes

- [1] Building of this model was made possible with the help of Mrs. Alina Mungiu - Pippidi from the Romanian Academic Society (SAR) and her team.
- [2] Reference to Kosovo as "Kosovo-Metohia" was put in official use by Milosevic's regime with the decision of the Parliament of Republic of Serbia in September 1990.
- [3] "Koha Ditore" daily, 8 July 2002.
- [4] This was a declaration of the Serbian political leader Draskovic saying that if he is elected President of Serbia, his priority will be the return of the Serbian Army to the border with Albania; QIK, 19 August 2002.
- [5] Interview with Mr. Oliver Ivanovic on 20 August 2002, Geneva.
- [6] IWPR'S BALKAN CRISIS REPORT, No. 335, May 10, 2002; <http://www.iwpr.net>.

- [7] Testimony of Dr. Covic on ethnic harmony before the USA Committee for Co-operation and Security in Europe, 19 June 2002.
- [8] Testimony of Dr. Alush Gashi ethnic harmony before the USA Committee for Co-operation and Security in Europe, 19 June 2002.
- [9] UNHCR/OSCE, Report on Minorities, September 2001 – April 2002.
- [10] UNMIK's Kosovo Albatross: Tackling Division in Mitrovica, ICG Report, 3 June 2002.
- [11] Interview with Mr. Hajredin Kuqi, vice-president of PDK, 28 August 2002.
- [12] VIP Report, 21 August 2002.
- [13] "Zëri ditor" daily, 13 July 2002.
- [14] Serb representatives prepare a plan for the destabilization of Kosovo, Radio B92, 30 June 2002.
- [15] "Koha ditore" Daily (Decentralization by whom?), 4 July 2002.
- [16] "Focus Kosovo", UNMIK, June 2002.
- [17] IDP Bulletin, issue 1, July 11.
- [18] <http://www.serbia.sr.gov.yu/news/2002-04/30/323974.html>.
- [19] The discrepancies are elaborated on previously in: "Early Warning Report of Kosova", Pilot Report, June 2002.
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PUBLIC AND PERSONAL SECURITY

Public Security

26. During the first six months of 2002, the overall number of crimes in Kosovo, as an important indicator of public security and overall stability, declined compared to the same periods in 2000 and 2001 (Fig. 4.1). While the overall number of crimes during the first six months of 2001 was 12,574, during 2002 this number totals 12,067, which means there is a decline of 5% in comparison to last year [1]. The decline of the overall number of crimes during the April-June period is a result of the ever more efficient job of the Police Services (CIVPOL and KPS), KFOR and the legal institutions. Nevertheless, such a decline cannot be considered entirely satisfactory, since the current level of crime is still almost twice higher compared to the levels of crime during the 1980s; in 1986, for example, the overall number of registered crimes was 14,190 over a twelve month period [2]. Among the factors which cause the overall level of crimes to remain high is the current difficult economic situation and the high unemployment rate. An illustration of this is the fact that the number of robberies and burglaries during the first six months of this year is higher than that during the same period of last year [1].

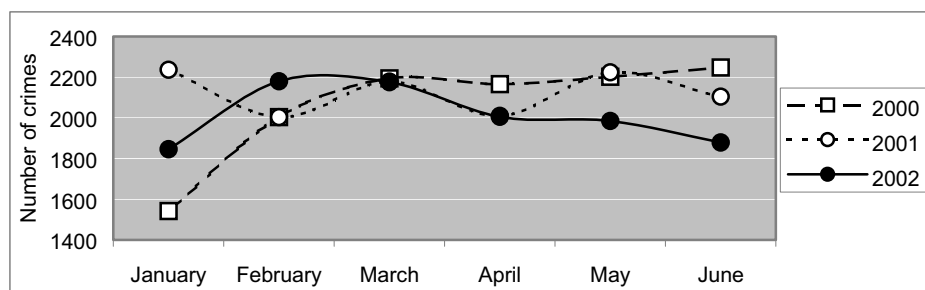


Fig. 4.1. Tendencies of the overall crimes registered in Kosovo during the January-June period of 2000, 2001 and 2002. [Source: Monthly Crime Analysis - 6 months 2002, UNMIK Police, MHQ Operations.]

27. In general, the level of serious offences (murder, kidnapping, intimidation, arson, illegal firearms possession) during the January-June period of 2002 has also dropped compared to the levels for the same period of 2001. However, some types of crimes, which have a considerable influence on the level of public and personal security, have increased (Table 4.1). Thus, in comparison to last year the cases of rapes and attempted rape have increased by 19%, whereas the overall number of attacks has increased by 20%. Due to the high percentage of attacks within the overall number of serious offences and their increase in comparison to last year as well as the tendencies towards their further increase (as registered during the April-June period [1]), public safety is still quite fragile. Public safety is put at risk to a high degree also due to an ever-increasing number of traffic offences – 114,709 cases during the January-June period of 2002. As a consequence, 47 people have

lost their lives on the roads – 12 more than the number of people murdered during the January-June period of 2002, whereas 878 were injured [1]. Such an intensity of traffic accidents jeopardizing public safety is a consequence of non-licensing of driving schools, which is the reason why many individuals drive their vehicles without possessing the relevant driving license, ignorant of the highway code and on roads in most cases in very poor condition.

28. During the January-June period of 2002 a considerable number of serious offences were registered against UNMIK, KFOR, KPS, and UN staff as well as against some individuals from the wider international community [1]. Attacks (155 cases), intimidation (85 cases) and prevention from carrying out official duties (88) were the most common forms of assault against members of these institutions and they represent a serious risk for public order and the rule of law. Furthermore, they also cause a climate of distrust and discouragement of these institutions

to efficiently carry out their mission for the stabilization of the political, social and economic situation in Kosovo. A portion of these assaults is connected to the dissatisfaction in certain circles in Kosovo, both Albanian and Serbian, with the recent determined activities of internationals and nationals to stabilize the general situation in Kosovo. In spite of a relatively high level of crimes against the above-mentioned institutions, there was no wide spread and determined campaign by locals to condemn these crimes, be it through public appearances or through the media.

29. According to the official report of the International Prosecutor in Kosovo, Michael Hartman, currently there is a trend towards decline in interethnic violence, although there are still cases of violence by the majority population towards the minorities and vice-versa [3]. Thus for example, while in 1999 in Gjilan/Gnjilane there were 50 registered cases of murders of minority members (mainly Serbs and Romas), during this year “only” two cases of murders of Serbs were registered. Regardless of the motives and the reasons for these murders, or even of those other serious offences where the victims are members of different ethnic groups, they have a very large impact amongst the members of different ethnic groups, causing further interethnic polarization - which is already very high, and to a large extent cause a further destabilization of the political situation. It is important to mention the fact that the ethnic background of suspects for about 44% of the serious offences committed during January-June 2002 period has not been ascertained [1]. Such a high percentage leaves a lot of room for speculation and mutual accusation amongst different ethnic groups in Kosovo for political purposes. Therefore, an increase of efficiency in solving the cases where it is suspected that perpetrators and victims of crimes belong to different ethnic groups would contribute considerably to the relaxation of interethnic relations.

Personal security

30. As concluded above, based on the official data on crimes against the individual (murder, kidnapping, intimidation, attacks) – some of which are presented in Table

Table 4.1. Some of the serious offences registered in Kosovo during the first six months of 2002 in comparison to the same period in 2001

Type	2001	2002	Change (%)
Murder	69	35	-49
Assault	1,886	2,255	+20
Rape and att. rape	57	68	+19
Intimidation	1,452	1,162	-20
Kidnapping	80	55	-31
Robbery	282	220	-22
Burglary	2,317	2,441	+5
Weapons offences	745	692	-7
Total	10,057	10,179	+1

Source: *Monthly Crime Analysis (6 months 2002)*, UNMIK Police, MHQ Operations; *Crime Analysis and Statistics for the year 2001*, UNMIK Police, MHQ Operations.

4.1 – the personal security during the first half of this year compared to the same period of 2001 is improved, apart from attacks, rapes and rape attempts. However, these data may not fully reflect the level of violence against the individual since there is evidence that a relatively large percentage of Kosovo's population still do not report the cases of violence committed against them to the police. (Our opinion poll shows that only about 29% of those who have been victims of crime or violence have reported their case to the police.) The number of violent robberies has also increased. Our opinion polls show that people feel less safe now than they felt three to four months ago, which can be linked to the above-mentioned increase in some types of crimes and violence against the individual. The polls also show that members of the Serb and other minority communities continue to feel less safe in the street and at home than Albanians (see Table 4.2). Thus while 24% of the Albanians feel “very safe” and 26.3% “somewhat safe” in the street, only 11.3% of Serbs feel “very safe” and 27.2% feel “somewhat safe” in the street. The members of other minorities feel less safe than the Albanians: 16% feel unsafe at home and 14.2% on the street. The greater personal insecurity of Serbs and other minorities compared to that of the Albanians shows that their freedom of movement has not been assured yet to a desirable level and that further efforts are needed in this respect in order to achieve greater social cohesion and stability.

Table 4.2. The opinion regarding the safety from crime and violence when the respondent is alone at home or walking on the streets

	Alone at home			In the street		
	Albanians	Serbs	Others	Albanians	Serbs	Others
No answer	0,8	2,1	0,0	0,5	2,6	0,6
Very safe	13,1	5,6	16,0	24,0	11,3	21,9
Somewhat safe	30,6	22,1	26,0	31,8	27,6	27,2
Neither safe, nor unsafe	26,3	27,2	16,6	23,8	27,2	13,0
Somewhat unsafe	22,2	25,1	25,4	15,7	22,6	23,1
Very unsafe	7,0	17,9	16,0	4,2	8,7	14,2
Total	100,0	100,0	100,0	100,0	100,0	100,0

31. Our opinion poll shows that the satisfaction with the performance of the police forces and the legal bodies, which is to some extent also an indicator of public and particularly of personal safety, is not the same – the trust in the police forces is far greater than the trust in the legal bodies. Thus, while 33.4% of respondents are quite satisfied and 18.9% are very satisfied with the performance of the international police (CIVPOL), 36.3% are quite satisfied and 41.8% very satisfied with the performance of the Kosovo Police Service (KPS). On the other hand 18.6% of the respondents are quite satisfied with the performance of the courts and only 3.3% are very satisfied (see Table A.3 in the annex). Among the factors causing the relatively low rate of satisfaction with the courts, one must mention their very low efficiency and the belief among the respondents that there exists corruption in these institutions (Table A.4 in the annex).

In spite of the quite high trust in the police forces amongst the total number of the respondents, the trust of the members of Serb community is much lower than that of the Albanians: 42.1% of Serbs are not at all satisfied with the work of CIVPOL, 82.6% with the work of the KPS and 62.1% with the work of the courts (Table 4.3). Such a perception is linked to the fact that there is still no guaranteed freedom of movement for the Serb population over the entire territory of Kosovo. To some extent, the lack of presence and functioning of police and court institutions in the enclaves inhabited by Serbs is also influencing the perception of dissatisfaction among the citizens in these institutions.

Table 4.3. Satisfaction of respondents with the performance of the police forces and the Kosovo courts (in percentage)

	CIVPOL		KPS		Courts	
	Albanians	Serbs	Albanians	Serbs	Albanians	Serbs
No answer/ Do not know	1.6	2.6	0.7	6.7	19.6	7.2
Not satisfied at all	12	42.1	3.6	82.6	17.3	62.1
Not quite satisfied	32.2	41.5	11.5	10.3	40.2	25.1
Somehow satisfied	35.1	13.3	38.7	0.5	19.3	5.6
Very satisfied	19.1	0.5	45.4	0	3.5	0
Total	100	100	100	100	100	100

Organized crime and corruption

32. For quite a long time now the media have been claiming that there is organized crime in Kosovo, yet until recently there were no concrete indications or data on the existence of such crime or on the dimensions of this type of crime. The exceptions here are cases of drug smuggling and trafficking in women for prostitution [4] disclosed by the UNMIK police, although even in these cases it was not determined that they were cases of organized crime, although it is widely known that these activities in the Balkans and elsewhere are usually part of organized crime – usually of an international in character. Only very recently, after the “zero tolerance on crime” initiated by Mr. Michael Steiner in Spring 2002, the police investigation services began disclosing reports relating to organized crime: an investigation into the tobacco factory in Gjilan/Gnjilane gave evidence of well organized crime which had been going on for a long time in order to produce and distribute falsified brands of cigarettes labeled and packed with well known brands, such as Marlboro and Regal, in spite of the fact that they possessed no license whatsoever for the production of such brands. It is not yet known whether or not the deeper roots of this case have been discovered, since meanwhile, the managers of the factory were released from custody. “There certainly is organized crime, however our investigations indicate there is no “Big Boss” or “central authority” write two high officials of the UNMIK police in the “Focus Kosovo” magazine of the July 2002 issue [5]. The illegal production of cigarettes is only one of the illegal activities present in Kosovo. In many instances until now, it has been made public that the actual consumption of cigarettes, petrol and many other imported products is several times higher than the amounts licensed through customs. This shows that many of these products are smuggled and that, it seems, just like in many other countries, they are linked to organized crime. Apart from the damage they cause to the economy and the budget, such criminal operations and activities create wealth for the criminals and ensure capital for other criminal investments – drugs or weapons smuggling and trafficking of women for prostitution. These activities are very often accompanied by intimidation and threats against individuals, thus causing public and personal insecurity as well as distrust of civilian authorities and government bodies. Therefore, a more prompt disclosure than is currently the case of organized crime as well as speeding up of court trials, are important preconditions for the stabilization of the economic and political situation, but also of public and personal security in Kosovo. More efficient control of the illegal circulation of goods from countries neighboring Kosovo as well as a bringing into line procedures and the custom taxes with European standards are also ways of fighting organized crime.

33. Abuse and corruption are also quite widespread in Kosovo, and are having a negative impact on the normal life of citizens as well as damaging the economy.

Such an opinion has been the predominant one among the inhabitants of Kosovo and as a phenomenon, was denounced often in the media. (Our opinion polls carried out during May 2002 show that about 66% of Albanians and 90% of Serbs thought that corruption is widespread in Kosovo [6].) Nevertheless, cases of corruption in the public enterprises only recently started to become public. The first one made public, by UNMIK officials in Spring of this year, was the case of abuse in KEK of €4,5 million, which were allocated by the European Union to import electricity during the first months of 2001. Such accusations of abuse of funds have also been addressed to the PTK. "In those companies (KEK and PTK) there is corruption from the very offer to bid and suspected money laundering" the Prime Minister Bajram Rexhepi had declared at the end of May 2002 [7,8]. Suspensions and arrests for corruption and abuse in the Customs Service were made public only during summer of this year, when the Customs Director was in prison for some time, although the abuse and corruption in the Customs Service had been denounced in the media for a long time.

34. A common characteristic of all of these cases is the fact that they were going on for a long period, that the citizens of Kosovo were aware of them and that their investigation went very slowly, thus causing damage to the economy of Kosovo and the safety of its citizens [9]. Just as with our opinion poll in spring 2002, this latest poll indicates a high scale of perceived corruption in many institutions – much higher than officially recognized until now. Thus, 76.8% of Albanians, 54.9% of Serbs and 80.5% of the others "partly" or "entirely" agree that there is corruption in the Customs Service (Table A.7 in the annex). Similar to this is the opinion on corruption in local administration and the courts, whereas the perceptions on corruption in the police is much smaller – see Tables A.5 and A.7 in the annex. As far as the existence of corruption in local administration goes, there were official declarations, such as that by the international Administrator of Pristina municipality [10].

The respondents of our poll also think that ineffective application of the law is the main cause of corruption in Kosovo – about 44% share this opinion - while other important factors indicated included low salaries in the public sector – about 38% (see Table A.8 in the annex). Budget limitations do not allow for a rise in salaries for public servants. However, more efficient work by the police force and legal bodies must be accomplished in order to fight the current high level of abuse and corruption in Kosovo.

Bibliography and notes

- [1] Monthly Crime Analysis - 6 months 2002, UNMIK Police, MHQ Operations.
- [2] Statistical Annual Report of Serbia, Belgrade, 1988.
- [3] Daily "Zëri", 26 August 2002
- [4] "Focus Kosovo", UNMIK, April 2002.
- [5] Derek Chapell and Barry Fletcher, UNMIK Police, "Focus Kosovo"/ June 2002.
- [6] Early Warning Report , January-April 2002.
- [7] Daily "Koha Ditore", 29 May 2002.
- [8] "This ugly phenomenon is evident in two major companies: in KEK and PTK" declared Prime Minister B. Rexhepi for the "Focus Kosovo" magazine, UNMIK, June 2002.
- [9] Many citizens share the opinion that prompt detection of abuse and corruption in KEK would eliminate the weaknesses in the management of the power plants, and thus the human factor, which is largely responsible for the disaster of July 2002 in the "Kosovo B" premises of the power plant, would be eliminated. After this disaster, the situation with the electric energy supply deteriorated badly and resulted in an increase in the dissatisfaction of citizens, and influenced public safety.
- [10] "Focus Kosovo", UNMIK, June 2002.

ANNEX 1. Selected results of the opinion poll

Note. The opinion poll for this Report was conducted in July, 2002, by the “Riinvest” polling team. The part of the opinion poll conducted in the Serb enclaves was carried out by “Prism Research” agency (Sarajevo, Bosnia and Herzegovina).

The survey was based on face-to-face interviews, and included 1,275 respondents: 911 Albanians (out of which 32 are living in the northern Mitovica enclave), 195 Serbs, 81 Bosniacs (out of which 42 are living in the northern Mitovica enclave) and 88 respondents from other minorities living in Kosovo (Turks, Goranis, and Romas – Ashkalis and Egyptians). In order to increase the reliability of opinions of the minority groups, the number of respondents belonging to minorities was chosen to be higher than their percentage participation in the entire population of Kosovo.

The sample was random and stratified on the basis of geographic regions (7 regions - 33% living in Pristina region; percentage distribution in other Kosovo regions is made according to appropriate percentages before the conflict), female to male ratio (1:1), and urban to rural population ratio (1:1). The target population was over 18 years of age.

Table A.1. The opinion on the greatest problems which Kosovo faces today

	Albanians	Serbs	Others	Albanians and Bosniacs in enclaves
Unsure on final status	37.0	43.1	32.0	58.1
Corruption and poor government	18.8	13.3	11.8	13.5
Poverty	13.3	6.7	15.4	10.8
High prices	3.7	1.5	8.9	0.0
Crime	1.1	17.4	5.3	0.0
Unemployment	24.9	13.8	25.4	17.6
Other	0.3	1.5	0.0	0.0
Do not know/ No answer	0.9	2.6	1.2	0.0
Total	100	1000	100	100

Table A.2. The opinion on current political trends in Kosovo

	Albanians	Serbs	Others
Do not know/ No answer	3.6	1.5	5.3
Not satisfied at all	13.3	61.5	7.1
Not quite satisfied	35.9	20	36.1
Neither satisfied, nor unsatisfied	33.2	11.8	19.5
Satisfied	10.2	4.6	22.5
Very satisfied	3.7	0.5	9.5
Total	100	100	100

Table A.3. The opinion on the performance of different institutions in Kosovo* (in percentages)

	Do not know/ No answer	Not Satisfied at all	Not quite satisfied	Satisfied	Very satisfied	Total
UNMIK	3.1	21.6	48.1	21.2	6	100
The Assembly	2.6	11.9	35.9	39	10.6	100
SRSG	3.8	12	40.4	33.4	10.4	100
Courts	19.1	20.7	38.3	18.6	3.3	100
Government	1.5	9.2	29.1	41.2	19	100
KFOR	2.6	7.7	19.8	38.9	30.9	100
CIVPOL	1.7	14	32	33.4	18.9	100
KPC	1.2	8.5	12.1	36.3	41.8	100

* -The data are considered according to percentage of community participation in the total population of Kosovo (88% Albanians, 6% Serbs and 6% others)

Table A.4. The opinion on the presence of corruption in courts and police service* (in percentages)

	Courts			Police		
	Albanians	Serbs	Others	Albanians	Serbs	Others
Do not know/ No answer	26.0	18.5	23.1	18.9	20.0	24.3
Disagree entirely	8.0	21.1	3.6	34.7	24.1	29.6
Disagree in part	13.4	9.7	16.0	18.4	11.3	23.1
Agree in part	31.7	13.8	40.9	18.3	16.9	17.1
Agree entirely	20.9	36.9	16.6	9.7	27.7	5.9
Total	100	100	100	100	100	100

* Question: Do you rather agree or disagree that corruption is present in with the following institutions?

Table A.5. The opinion on the best solution for the status of Kosovo (in percentages)

	Albanians	Serbs	Others
Do not know/ No answer	2.1	15.4	3.6
Independence for Kosovo with the present borders	74.2	2.1	75.1
Independence for Kosovo after separation of the Serb part	3.2	25.1	6.5
Current situation (international protectorate)	1.9	2.1	10.1
Unity with Albania	18.1	0.5	3.6
Confederate state with Serbia, same as Montenegro	0	11.3	1.2
Other*	0.5	43.6	0
Total	100	100	100

* Serb respondents have marked the Autonomy of Kosovo within Serbia as an option

Table A.6. The opinion on the presence of corruption in the health and educational systems* (in %)

	Health			Education		
	Albanians	Serbs	Others	Albanians	Serbs	Others
Do not know/ No answer	10.7	7.7	10.7	12.7	11.3	16.0
Disagree entirely	9.0	16.9	19.5	12.2	27.2	21.9
Disagree in part	15.6	27.7	23.7	20.6	26.7	19.5
Agree in part	33.3	31.8	33.7	33.2	29.2	32.5
Agree entirely	31.5	15.9	12.4	21.3	5.6	10.1
Total	100	100,0	100	100	100	100

* Question: Do you rather agree or disagree that corruption is present in with the following institutions?

Table A.7. The opinion on the presence of corruption in the custom services and the local government* (in percentage)

	Custom service			Local government		
	Albanians	Serbs	Others	Albanians	Serbs	Others
Do not know/ No answer	11.7	9.7	8.3	17.8	13.3	17.2
Disagree entirely	4.7	19.5	1.8	7.8	16.9	5.3
Disagree in part	6.8	15.9	9.4	12.4	20.5	30.8
Agree in part	26.5	21.1	31.4	34.2	31.4	38.5
Agree entirely	50.3	33.8	49.1	27.8	17.9	8.2
Total	100	100	100	100	100	100

* Question: Do you rather agree or disagree that corruption is present in with the following institutions?

Table A.8. The opinion on the causes of corruption (in percentages)

	Albanians	Serbs	Others
Low salaries	40.5	17.4	23.7
Lack of ethics	10.8	15.4	17.8
Lack of law enforcement	42.6	56.4	50.3
Other	2.2	0.5	1.8
Do not know/ No answer	4	10.3	6.5
Total	100	100	100

Table A.9. Readiness to agree with the return of refugees (in percentages)

	Albanians	Serbs	Others
Agree with return to their old property	40.8	91.8	58
Agree with return to new settlements	3.5	0.5	7.7
Do not agree	30.4	2.1	5.3
Does not apply (no refugees in my community)	15.1	2.1	15.4
Do not know/ No answer	10.1	3.6	13.6
Total	100	100	100

Table A.10. Explanatory model of satisfaction with political direction Kosovo is heading – Kosovan Serbs

Independent variables	Regression Coefficients (Standard Error)
Age	0.107 (0.040) **
Male	0.064 (0.054)
Education	0.005 (0.011)
Town size	0.026 (0.019)
Kosovan Serb	-0.804 (0.077) ***
Subjective welfare	0.095 (0.029) **
Satisfaction with economic direction	0.475 (0.029) ***
Optimism	0.039 (0.020) *
Adjusted R ²	0.32

Level of significance: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Dependent variable: Satisfied with political direction Kosovo is heading (linear regression)

Table A.11. Explanatory model of satisfaction with political direction Kosovo is heading – Kosovan Albanians

Independent variables	Regression Coefficients (Standard Error)
Age	0.081 (0.041) *
Male	0.078 (0.056)
Education	-0.019 (0.011)
Town size	-0.007 (0.020)
Kosovan Albanian	0.189 (0.062) **
Subjective welfare	0.094 (0.030) **
Satisfaction with economic direction	0.486 (0.030) ***
Optimism	0.050 (0.021) **
Adjusted R ²	0.27

Level of significance: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Dependent variable: Satisfied with political direction Kosovo is heading (linear regression)

Table A.12. Explanatory model of likelihood to perceive cohabitation possible

Independent variables	Regression Coefficients (Standard Error)
SOCIAL STATUS	
Age	-0.000 (0.003)
Town size	-0.004 (0.023)
Male	-0.032 (0.064)
Education	0.001 (0.014)
Employed with contract	0.015 (0.067)
Displaced	-0.118 (0.097)
Kosovan Serb	-0.431 (0.134)***
ATTITUDES	
Subjective welfare	0.093 (0.030)**
Follow politics	0.112 (0.033)***
Trust international community	0.095 (0.030)***
History matters importantly for our present lives	-0.139 (0.023)***
Adjusted R ²	0,74

Level of significance: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Dependent variable: Despite the past, Albanians and Serbs can live and work together peacefully

ANNEX 2. Events during the May-August 2002 period

May

- **Brussels, 9 May** - NATO diplomatic sources announce that 5,000 KFOR troops will withdraw from Kosovo before the end of 2002.
- **Pristina, 9 May** – The conference of international donors gathered in Pristina decided to donate more than €17 million for the beginning of the program for the return of displaced persons to Kosovo.
- **Pristina, 10 May** - The Ministers of Finance of the region gathered in Pristina pledge to fight against cigarette smuggling.
- **Gjilan/Gnjilane, 13 May** – The Government of Kosovo approves allocation of €1 million to remedy the consequences caused by the earthquake, which hit the city of Gjilan/Gnjilane and its surrounding area on 25 April.
- **Pristina, 17 May** – The head of Kosovo customs, Ylber Rraci arrested by the international police, suspected for involvement in smuggling different sorts of goods.
- **Pristina, 22 May** – The Ministry of Social Welfare announces the approval of a packet of laws on protection of pensioners and elderly persons.
- **Pristina, 23 May** – The SRSG of Kosovo, Michael Steiner, nullifies the Resolution on territorial integrity of Kosovo, approved the same day by the Assembly of Kosovo.
- **Pristina, 24 May** – The Assembly of Kosovo approves the program of the Kosovo Government.
- **Pristina, 30 May** - OPIC and UNMIK signed the Agreement for investment guarantee in Kosovo.

June

- **Pristina, 4 June** – The SRSG, Michael Steiner, declares that 2,800 previously displaced Serbs have returned to Kosovo and that the conditions for their return are improving.
- **Pristina, 12 June** – The Kosovo Government gives a solemn oath in front of the SRSG, Michael Steiner.
- **Pristina, 13 June** – The SRSG promulgates the Kosovo Trust Agency.
- **Pristina, 15 June** - Michael Steiner uncovers his strategy for the solution of the Mitrovica problem, emphasizing his idea on zero tolerance towards organized crime in Kosovo.
- **Pristina, 19 June** – UNMIK special police arrests three senior officers of the KPC (Kosovo Protection Corps) suspected of involvement in serious offences against the Albanians in June 1999.
- **Gjilan/Gnjilane, 26 June** – The Main Prosecutor of the Public Prosecuting Office of the District of Gjilan/Gnjilane takes legal action against three managers of the Tobacco Factory in Gjilan/Gnjilane. The factory is accused of illegal production of cigarettes.
- **Skopje, 26 June** – Visa-free circulation starts in Macedonia for the citizens of Kosovo who are in possession of an UNMIK Travel Document.

July

- **Pristina, 1 July** – The SRSG of Kosovo, Mr. Michael Steiner, annulled the Memorandum on economic co-operation and creation of circumstances for market liberalization between Kosovo and Albania, signed on 30 May by the Minister of Trade and Industry of Kosovo and the Minister of Economy in Albania.
- **Pristina, 8 July** – The agreement on the return of about 40 Serbian judges and prosecutors to the Kosovan legal system is signed in Belgrade between the chief of UN mission in Kosovo, Mr. Michael Steiner, and the Serbian authorities.
- **Tirana, 15 July** - UNMIK and the Minister of Economy in Tirana sign a Memorandum on economic co-operation between Albania and Kosovo.
- **Pristina, 17 July** – A powerful lightening hit the “Kosovo B” power plant, when one person died, 30 others were injured, while serious damage was caused to the power plant.
- **Pristina, 25 July** – The Kosovo Assembly pass the Law on elementary and middle education in Kosovo.
- **Berlin, 26 July** - Germany pledges to give 5 million Euros to Kosovo in aid for the rebuilding of the power plant damaged by fire.
- **New York, 31 July** – SRSG Michael Steiner declares before the UN Security Council that the essence of the strategy on establishing UNMIK authority on northern part of Kosovo is the functioning of UN police and replacement of the parallel structures legitimate institutions.
- **Pristina, 31 July** – Two American soldiers serving as members of KFOR peacekeeping troops are injured in an explosion in the Klllokot/Klokot village of Vitia./Vitina

August

- **Pristina, 5 August** – The OSCE Mission in Kosovo announced that 72 different political individuals will be taking part in the local elections, of which 28 are Albanian, whereas 34 Serbian. Other individuals belong to other ethnic groups living in Kosovo.
- **Mitrovica, 9 August** – The International police forces attempt to arrest Milan Ivanovic, the head of the Serbian "National Council" in Northern Mitrovica, though unsuccessfully. Ivanovic is accused of attempted murder during the violent demonstrations in Mitrovica on 8 April of this year when 26 people were injured, most of which UNMIK and international police staff.
- **Pristina, 11 August** – Rustem Mustafa – a.k.a. Remi, former KLA commander of the Llapi/Lap Operative Zone is arrested.
- **Deçan/Decani, 15 August** – During a protest organized in Deçan/Decani against the arrests of KPC staff by UNMIK police, several protestors are injured.
- **Pristina, 28 August** – The Trade Union of Education, Science and Technology threatens a general strike on 2 September if given no guarantees from the Ministry of Education on salary increases for the teachers.

Project Team:

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